

Worksheet for calculating your North Dakota income tax under the provisions of House Bill 1399, as passed by the North Dakota Legislature on April 26, 2001

The majority of taxpayers will be able to use this worksheet to calculate their North Dakota income tax under the new income tax method passed by the North Dakota Legislature. See **Note C** on page 2 for special situations.

- 1 Federal taxable income from your federal income tax return..... 1 _____
- 2 Additions—see **Note A** on page 2 2 _____
- 3 Balance (Add lines 1 and 2) 3 _____
- 4 Subtractions—see **Note B** on page 2 4 _____
- 5 North Dakota taxable income (Subtract line 4 from line 3) 5 _____
- 6 North Dakota income tax—Calculate your tax using the tax rate schedule shown below that corresponds to your filing status..... 6 _____

Tax Rate Schedules

Use the tax rate schedule below that corresponds to your filing status.

Single

If North Dakota taxable income is:		Your tax is equal to:	
Over	But not over		
\$ 0	\$ 27,050.....	2.1% of North Dakota taxable income	
27,050	65,550.....	\$ 568.05 + 3.92% of the amount over \$ 27,050	
65,550	136,750.....	2,077.25 + 4.34% of the amount over 65,550	
136,750	297,350.....	5,167.33 + 5.04% of the amount over 136,750	
297,350.....		13,261.57 + 5.54% of the amount over 297,350	

Married filing jointly or Qualifying Widow(er)

If North Dakota taxable income is:		Your tax is equal to:	
Over	But not over		
\$ 0	\$ 45,200.....	2.1% of North Dakota taxable income	
45,200	109,250.....	\$ 949.20 + 3.92% of the amount over \$ 45,200	
109,250	166,500.....	3,459.96 + 4.34% of the amount over 109,250	
166,500	297,350.....	5,944.61 + 5.04% of the amount over 166,500	
297,350.....		12,539.45 + 5.54% of the amount over 297,350	

Married filing separately

If North Dakota taxable income is:		Your tax is equal to:	
Over	But not over		
\$ 0	\$ 22,600.....	2.1% of North Dakota taxable income	
22,600	54,625.....	\$ 474.60 + 3.92% of the amount over \$ 22,600	
54,625	83,250.....	1,729.98 + 4.34% of the amount over 54,625	
83,250	148,675.....	2,972.31 + 5.04% of the amount over 83,250	
148,675.....		6,269.73 + 5.54% of the amount over 148,675	

Head of household

If North Dakota taxable income is:		Your tax is equal to:	
Over	But not over		
\$ 0	\$ 36,250.....	2.1% of North Dakota taxable income	
36,250	93,650.....	\$ 761.25 + 3.92% of the amount over \$ 36,250	
93,650	151,650.....	3,011.33 + 4.34% of the amount over 93,650	
151,650	297,350.....	5,528.53 + 5.04% of the amount over 151,650	
297,350.....		12,871.81 + 5.54% of the amount over 297,350	

Note A—Additions

The following items must be added to federal taxable income to determine North Dakota taxable income. If you have any of these items, enter them on line 2 of the worksheet.

- Amount of a lump-sum distribution from a pension plan for which the federal 10-year averaging method was used to calculate the federal income tax on the distribution.
- Loss from a partnership, S corporation, or other pass-through entity that is subject to North Dakota's financial institution tax.

Note B—Subtractions

The following items must be subtracted from federal taxable income to determine North Dakota taxable income. If you have any of these items, enter them on line 4 of the worksheet.

- 30% of the excess of a net long-term capital gain over a net short-term capital loss.
- Interest from U.S. obligations (including the portion of dividends from a mutual fund attributable to the fund's investment in U.S. obligations).
- Retirement, unemployment, and sick pay benefits received from the U.S. Railroad Retirement Board.
- Income of a Native American who lives and works on the reservation where enrolled as a member.
- Income from a partnership, S corporation, or other pass-through entity that is subject to North Dakota's financial institution tax.

Note C—Special situations not accounted for in the worksheet

- **3-year farm income averaging method for farmers.** The legislation provides for a 3-year income averaging method for farm income that is similar to the one under federal income tax law. If eligible, the tax may be less than the amount calculated in the worksheet. A new supplemental schedule will be provided on which to calculate the tax using this method. The details of the calculation are not yet available.
- **Unused federal credit for prior year minimum tax.** The legislation provides for the recovery of any federal credit for prior year minimum tax that remains unused as of the beginning of the 2001 tax year. This applies only with respect to the portion of the federal credit for prior year minimum tax that is attributable to federal alternative minimum tax reported on Form 37-S for tax years prior to 2001. In general, the recovery will be allowed in the form of a tax credit equal to 14% of the unused federal credit for prior year minimum tax that is actually claimed on the taxpayer's federal income tax return. The details of the calculation are not yet available.
- **Nonresident calculation.** The tax for a nonresident of North Dakota is calculated in two steps:
Step 1—Calculate the tax in the same manner as for a resident using the above worksheet. Do not exclude any non-North Dakota income when making this calculation. **Step 2**—Multiply the tax calculated in Step 1 by a ratio equal to North Dakota adjusted gross income divided by federal adjusted gross income. For this purpose, federal adjusted gross income must be reduced by any interest from U.S. obligations included in it.